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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

STEPHEN DODGE, Individually and on Behalf of
all Others Similarly Situated,

Plaintiff,

-VS.-

CAMBREX CORPORATION, JAMES A. MACK,
DOUGLAS H. MACMILLAN, CLAES
GLASSELL, SALVATORE J. GUCCIONE, and
LUKE M. BESHAR,

Defendants.

CASE No.

03-4896
(WJM)

CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

Plaintiff alleges the following based upon the investigation of plaintiff's counsel, which
included a review of United States Securities and Exchange Commission ("SEC") filings by
Cambrex Corporation ("Cambrex" or the "Company"), as well as regulatory filings and reports,

securities analysts reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND SUMMARY OF THE ALLEGATIONS

1. This is a federal class action on behalf of all persons who purchased or otherwise acquired the securities of Cambrex between October 21, 1998 to July 25, 2003, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").
2. Cambrex describes itself as a leading supplier of human health and biosciences products to the life sciences industry and a manufacturer of specialty and fine chemicals. The Company claims to serve a variety of markets, selling over 2000 products which primarily serve as critical ingredients in the formulation of customers' products, and deriving approximately 71 percent of its revenues from sales to the pharmaceutical or biotech markets.
3. Beginning as early as 1997, defendants engaged in a scheme to mislead and deceive investors as to Cambrex's financial condition. Defendants continuously reported record financial results in publicly disseminated press releases and SEC filings, claiming that such results were reliable and prepared in accordance with generally accepted accounting principals. Unbeknownst to the Class, however, Cambrex's financial results were overstated by approximately \$5 million due to improper accounting, specifically, the Company's failed to properly record certain administrative and other expenses, leading to the Company's revelation on January 23, 2003 that it would restate its financial results for the five year period of 1997 to 2001, inclusive. Throughout the Class Period, defendants failed to disclose that the SEC was

conducting an informal inquiry into Cambrex's discrepancies related to its inter-company accounts.

4. Additionally, defendants issued profit warnings during the Class Period that were materially false and misleading when made and lacked any reasonable basis in fact because defendants failed to adequately and in a timely fashion account for the full impact of the loss of a material contract between Cambrex and Transkaryotic Therapies, Inc. ("TKT") to manufacture the drug Replagal™ to treat Fabry disease. As early as October 2002, defendants knew that it was more likely than not that the TKT contract would be canceled when the Food and Drug Administration ("FDA") postponed its approval of Replagal due to concerns with TKT's clinical data. Additionally, defendants knew at this time that Cambrex would be unable to adequately and efficiently replace the lost business in its Biosciences segment resulting from the loss of the TKT contract. At least as early as January 14, 2003, defendants knew for certain that Cambrex had lost the biopharmaceutical contract because TKT announced the FDA's rejection of the Replagal application; however, it was not until *April 3, 2003*, nearly three months later, that defendant revised downwards Cambrex's earnings and revenues guidance to account for the loss of this contract. The news of Cambrex's profit warning precipitated a 37 percent drop in the price of Cambrex common stock. Defendants *never* disclosed the TKT contract and the effect of its cancellation on its financial prospects. The "mystery contract" only became public knowledge on April 28, 2003 when it was disclosed by a trade publication. On July 25, 2003, the last day of the Class Period, defendants conceded during a conference call that they in fact knew about the loss of the TKT contract when they issued their profit warnings. On that same day, the market reacted swiftly and dramatically to this news, causing the price of Cambrex common stock to drop \$5.09 or 20 percent from its previous day's close.

5. As detailed below, defendants' dissemination of materially false and misleading information artificially inflated the price of Cambrex securities, and allowed the Cambrex insiders, including the Individual Defendants, to engage in a massive insider selling campaign of their Cambrex securities for proceeds of over **\$39 million**. Defendants' wrongful and illegal misconduct constitutes violations of the Securities Exchange Act of 1934, and caused injury to purchasers and acquirers of Cambrex securities during the Class Period.

JURISDICTION AND VENUE

6. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. § 240.10b-5].

7. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337 and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

8. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b). Many of the acts charged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this District. The corporate headquarters of defendant Cambrex is located in this District.

9. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

10. Plaintiff Stephen Dodge, as set forth in his certification annexed hereto and incorporated by reference herein, purchased the stock of Cambrex at artificially inflated prices during the Class Period and has been damaged thereby.

11. Defendant Cambrex is a Delaware corporation with its principal place of business located in East Rutherford, New Jersey. Cambrex operates in four segments: Human Health, Biosciences, Rutherford Chemicals, and All Other.

12. Defendant James A. Mack ("Mack"), at all relevant times, served as the Company's Chairman of the Board, Chief Executive Officer, and President beginning January 31, 2003.

13. Defendant Douglas H. MacMillan ("MacMillan"), until his resignation on May 31, 2001, served as the Company's Vice President and Chief Financial Officer.

14. Defendant Claes Glassell ("Glassell"), until his resignation on January 31, 2003, served as the Company's President and Chief Operating Officer.

15. Defendant Salvatore J. Guccione ("Guccione"), at all relevant times, served as the Company's Executive Vice President, and Chief Financial Officer from May 31, 2001 through December 2002.

16. Defendant Luke M. Beshar ("Beshar"), at all relevant times, served as the Company's Senior Vice President and Chief Financial Officer beginning on December 5, 2002.

17. Defendants Mack, MacMillan, Glassell, Guccione, and Beshar are hereinafter referred to, collectively, as the "Individual Defendants."

18. During the Class Period, the Individual Defendants, as top senior executive officers of Cambrex, were privy to confidential and proprietary information concerning

Cambrex, its operations, finances, financial condition, and present and future business prospects. The Individual Defendants also had access to material adverse non-public information concerning Cambrex, as discussed in detail below. Because of their positions with Cambrex, the Individual Defendants had access to non-public information about its business, finances, products, markets and present and future business prospects *via* access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and board of directors meetings and committees thereof and *via* reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded the fact that adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

19. Each Individual Defendant is liable as a direct participant in, and a co-conspirator with respect to the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as top senior executive offices and one of them a director were each a “controlling person” within the meaning of Section 20 of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Cambrex’s business.

20. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and through them, to the investing public. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had the ability and

opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

21. As officers and controlling persons of a publicly-traded company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was traded on the New York Stock Exchange ("NYSE") and governed by the federal securities laws, the Individual Defendants had a duty to disseminate promptly accurate and truthful information with respect to Cambrex's financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, to correct any previously issued statements that had become materially misleading or untrue, so that the market price of Cambrex's common stock would be based upon truthful and accurate information. The Individual Defendants' misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

22. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Cambrex securities by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Cambrex's business, operations and management and the intrinsic value of Cambrex securities; (ii) enabled the Cambrex insiders, including certain of the Individual Defendants, to sell substantial amounts of shares of Cambrex common stock for proceeds of over **\$39 million** for their personal gain at artificially inflated prices; and (iii) caused plaintiff and members of the Class to purchase Cambrex securities at artificially inflated prices.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

23. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the securities of Cambrex between October 21, 1998 to July 25, 2003, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

24. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Cambrex common stock shares were actively traded on the NYSE. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Cambrex or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

25. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendant's wrongful conduct in violation of federal law that is complained of herein.

26. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

27. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether the federal securities laws were violated by defendants' acts as alleged herein;
- (b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business and operations of Cambrex; and
- (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

28. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Materially False And Misleading Statements Issued During The Class Period

29. On October 20, 1998, after the market closed, defendants reported "record results" for the third quarter 1998 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record Third Quarter Sales And Income." In the press release, defendants stated, in relevant part, as follows:

Cambrex Corporation (NYSE: CBM), today reported record third quarter 1998 earnings of \$8.9 million, an increase of 18% compared to the \$7.5 million earned in the third quarter of 1997. Earnings per share increased to \$.35 from \$.30 in the third quarter 1997. Gross sales in the quarter increased 26% to \$104.4 million from \$82.6 million, reflecting the benefit of the BioWhittaker acquisition completed in the fourth quarter of 1997, as well as growth of the company's Active Pharmaceutical Ingredients, Organic Intermediates and Performance Enhancers product categories. Net income improved on the increased sales and the continued contribution of royalties, partially offset by a pre-tax restructuring charge of \$1.4 million.

30. On November 13, 1998, Cambrex filed with the SEC a Form 10-Q for its third quarter 1998 in which defendants reported, in relevant, part as follows:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1997.

* * *

The results for the third quarter of 1998 were above the same period a year ago due to increased sales of Active Pharmaceutical Ingredients, Organic Intermediates and Performance Enhancers, improved gross margins, the effect of the addition of BioWhittaker in the fourth quarter of 1997, and other revenues of \$4,400 for royalties earned in the third quarter of 1998.

Defendants reported Cambrex's financial results as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	September 30,	
	1998	1997
Operating expenses:		
Selling, general and administrative expenses....	18,556	11,556
Research and development	3,307	2,418
Total operating expenses	23,665	15,772
Operating profit	15,576	10,584

Other (income) expenses:		
Interest — net	2,209	525
Other (income)/expense — net	364	(966)
Net income	<u>8,851</u>	<u>7,531</u>
Earnings per share of common stock and common stock equivalents:		
Basic	<u>\$ 0.36</u>	<u>\$ 0.32</u>

31. On January 26, 1999, defendants reported Cambrex's "record results" for the fourth quarter 1998 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record Fourth Quarter Sales And Income." In the release, defendants touted the Company's purportedly strong results as follows:

Cambrex Corporation (NYSE: CBM), today reported record fourth quarter 1998 earnings of \$10.2 million, compared to the \$7.9 million earned in the fourth quarter of 1997, (excluding the 1997 write-off of research and development of \$14.0 million in connection with the BioWhittaker acquisition). Earnings per share increased by 25% to \$0.40 from \$0.32 in the fourth quarter 1997. Gross sales in the quarter increased 3.7% to \$107.3 million from \$103.5 million, reflecting growth in the Biotechnology and Active Pharmaceutical Ingredients product categories. Net income improved due to the increased sales, the continued contribution of royalties, and lower income taxes at the Company's Italian subsidiary.

Earnings for the year ended 1998 increased 23.1% to \$39.1 million, or \$1.54 per share, compared to \$31.8 million, or \$1.30 per share in 1997, (excluding the \$14.0 million write-off described above).

In the release, defendant James Mack reiterated the Company's characterization of its performance in the fourth quarter:

We are pleased to see the continued strong growth in our Biotechnology products and Active Pharmaceutical Ingredients which are also our highest margin businesses. While Pharmaceutical Intermediates were flat in 1998, our strong product development efforts should yield growth in 1999.

32. On March 22, 1999, Cambrex filed with the SEC its annual report on a Form 10-K for fiscal 1998. The Form 10-K, signed by defendant James Mack, included a letter from Cambrex's outside auditor, PriceWaterhouseCoopers, LLP, which stated, in relevant part:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income and retained earnings and cash flows present fairly, in all material respects, the financial position of Cambrex Corporation and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Defendants represented Cambrex's fiscal 1998 results as follows:

Defendants represented Cambrex's fiscal 1998

results as follows:

(in thousands, except per share data)	YEAR ENDED December 31,		
	1998	1997	1996
Operating profit	72,867	36,674	46,274
Other (income) expenses:			
Interest income	(249)	(238)	(353)
Interest expense	10,476	5,568	6,152
Other — net	945	(1,263)	(194)
Income before income taxes	61,695	32,607	40,669
Provision for income taxes	22,593	14,831	12,444
Net income	<u>39,102</u>	<u>17,776</u>	<u>28,225</u>

Earnings per share of common stock and
common stock equivalents:

Basic	\$ 1.62	\$ 0.75	\$ 1.22
Diluted	<u>\$ 1.54</u>	<u>\$ 0.73</u>	<u>\$ 1.19</u>

33. On April 20, 1999, defendants reported Cambrex's "record results" for its first quarter 1999 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record First Quarter Sales and Income." The release stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported record first quarter 1999 earnings of \$10.2 million, compared to the \$9.1 million earned in the first quarter of 1998. Earnings per share increased to \$0.40 from \$0.36 in the first quarter 1998. Gross sales in the quarter increased 3.3% to \$117.5 million from \$113.8 million in the earlier period, reflecting growth in the Biotechnology and Human Health product segments. Net income improved on higher sales, increased gross profit, lower interest costs and a more favorable tax rate.

Comparing the first quarter 1999 to the first quarter 1998, Biotechnology sales were up 13.4% due primarily to increased sales of endotoxin detection and cell culture products. Sales in the Human Health Segment increased 10.8% due to strong sales of generic pharmaceuticals used in gastro-intestinal and central nervous system products, as well as several new products introduced in 1999. Animal Health/Agriculture Products decreased 2.6% mainly due to reduced sales to crop protection markets and the Specialty Business sales decreased 10.5% reflecting lower sales of an engineering plastics monomer and telecommunication products.

Defendant James Mack commented on the Company's results as follows:

We are very pleased with the strong showing of our Biotechnology and Human Health businesses. The recently announced Irotec Laboratories and Conti BPC deals bring more cGMP capacity and new product offerings, at the same time strengthening our position with global Pharmaceutical companies. I have never felt more positive about the opportunities we have to fill in the gaps and add new platforms to support our growth goals.

34. On May 14, 1999, Cambrex filed with the SEC a Form 10-Q for the first quarter 1999 in which defendants made the following representations regarding the Company's reported results:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1998.

Defendants reported Cambrex's financial results for the first quarter as follows:

(in thousands, except per share data)

	THREE MONTHS ENDED	
	March 31,	
	1999	1998
Operating expenses:		
Selling, general and administrative expenses....	19,480	18,221
Research and development	3,609	3,313
Total operating expenses	23,089	21,534
Operating profit	17,414	17,416
Other (income) expenses:		
Interest — net	2,177	2,955
Other (income)/expense — net	43	175
Net income	10,180	9,143
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.41	\$ 0.38

35. On July 20, 1999, defendants touted Cambrex's "record results" for the second quarter 1999 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record Quarterly Sales and Income." In the release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported record sales and earnings which were the highest in the company's history. Second quarter 1999 earnings were \$11.9 million, compared to \$10.9 million earned in the second quarter of 1998. Earnings per share increased to \$0.47 from \$0.43 in the second quarter 1998.

Gross sales in the quarter increased 6.4% to \$123.6 million from \$116.2 million in the second quarter 1998, reflecting growth in the Human Health, Biotechnology and Animal Health/Agriculture product segments. Net income improved on the higher sales and lower operating expenses.

Earnings for the six months 1999 were \$22.1 million or \$0.87 per share compared to \$20.0 million or \$0.79 per share in 1998. Sales year to date for the six months were \$241 million, up 5% over the \$230 million reported in the first six months of 1998.

In the release, defendant Mack remarked on the Company's results as follows:

We are very pleased with the progress we are making in our life sciences business. In particular, our integration of Irotec is proceeding smoothly and it contributed to second quarter profits. The recently acquired FMC Bioproducts electrophoresis business is also being integrated and will be additive to the third quarter results.

Mr. Mack stated further, "We are also seeing the benefit of expense control programs implemented in the 4th quarter last year. These actions, coupled with our acquisition effort, have allowed the company to show continued strong growth in life science sales and overall company profitability."

36. On August 12, 1999, Cambrex filed with the SEC a Form 10-Q for the second quarter 1999 in which defendants represented the following regarding the Company's financial results:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments, consisting of only normal recurring accruals, necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1998.

Defendants reported Cambrex's financial results as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	June 30,	
	1999	1998
Operating expenses:		
Selling, general and administrative expenses....	19,817	19,783
Research and development	3,291	3,882
Total operating expenses	23,108	23,665
Operating profit	19,751	24,156
Other (income) expenses:		
Interest — net	2,050	2,586
Other (income)/expense — net	125	(203)
Net income	11,926	10,886
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.49	\$ 0.45

37. On October 19, 1999, defendants reported Cambrex's "record results" for the third quarter 1999 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record Third Quarter Sales and Income." The release stated, in relevant part as follows:

Cambrex Corporation (NYSE: CBM), today reported that third quarter 1999 earnings were \$9.7 million, compared to \$8.9 million in the third quarter of 1998. Earnings per share increased to \$0.38 from \$0.35 in the third quarter 1998. Gross sales in the quarter increased 13.6% to \$118.6 million from \$104.4 million in the third quarter 1998, reflecting both acquisition and internal growth in the Human Health and Biotechnology product segments. Net income improved on the increased sales and lower operating expenses.

In the release, defendant Mack emphasized the Company's purportedly successful results:

We are very pleased with the strong growth shown by our core Pharmaceutical and Biotechnology businesses. Even excluding acquisitions, both businesses had double-digit sales increases. This growth, coupled with continued tight expense control, allowed us to show improved earnings.

38. On November 12, 1999, Cambrex filed with the SEC a Form 10-Q for the third quarter 1999 in which defendants stated, in relevant part:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1998.

Defendants represented Cambrex's financial results for the third quarter 1999 as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	September 30,	
	1999	1998
Operating expenses:		
Selling, general and administrative expenses....	18,301	18,556
Research and development	3,842	3,307
Total operating expenses	22,143	23,263
Operating profit	17,091	15,576
Other (income) expenses:		
Interest — net	2,678	2,209
Other (income)/expense — net	189	364
Net income	9,673	8,851
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.39	\$ 0.36

39. On January 25, 2000, defendants reported Cambrex's "record results" for its fourth quarter and fiscal 1999 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Fourth Quarter Results And Full Year 1999." In the release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported record fourth quarter earnings of \$12.4 million (excluding a previously announced \$6 million accrual to cover anticipated costs associated with Cambrex subsidiary Nepera's alleged role in Vitamin B3 anti-trust violations from 1992 to 1995) compared to \$10.2 million in the fourth quarter of 1998. Earnings per share increased to

\$0.48 (excluding the Vitamin B3 accrual) from \$0.40 in the fourth quarter of 1998. Gross sales in the quarter increased 16.3% to a record \$124.8 million from \$107.3 million in the fourth quarter of 1998, primarily reflecting growth and acquisition activity in Human Health and Biotechnology product segments. Net income improved on the increased sales and gross margin.

Commenting on the Company's performance, defendant Mack stated, in relevant part as follows:

Our fourth quarter profit performance was much stronger across all business areas compared to prior year. I am particularly pleased with the continued strength in the high growth segments of our biotechnology and pharmaceuticals businesses.

Commenting further, Mr. Mack indicated, "Overall 1999 results were excellent, particularly given that Cambrex achieved its record earnings while receiving none of the \$19 million of royalty income earned in 1998. In addition, both 1999 acquisitions are poised to make significant contributions to the year 2000."

40. On March 20, 2000, Cambrex filed with the SEC its annual report on Form 10-K for fiscal 1999. The Form 10-K, signed by defendant Mack, included a letter from Cambrex's outside auditor, PriceWaterhouseCoopers, LLP which stated, in relevant part:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Cambrex Corporation and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement

presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

In the Form 10-K, defendants represented Cambrex's fiscal 1999 results as follows:

(in thousands, except per share data)	YEAR ENDED		
	December 31,		
	1999	1998	1997
Operating profit	69,179	72,867	36,674
Other (income) expenses:			
Interest income	(2,286)	(249)	(238)
Interest expense	12,009	10,476	5,568
Other — net	(555)	945	(1,263)
Income before income taxes	58,901	61,695	32,607
Provision for income taxes	20,769	22,593	14,831
Net income	38,132	39,102	17,776
Earnings per share of common stock and common stock equivalents:			
Basic	\$ 1.55	\$ 1.62	\$ 0.75
Diluted	\$ 1.49	\$ 1.54	\$ 0.73

41. On April 26, 2000, defendants announced in a press release over PR NEWswire

Cambrex's first quarter 2000 "record results", stating as follows:

Cambrex Corporation (NYSE: CBM), today reported record first quarter earnings of \$12.3 million compared to \$10.2 million in the first quarter of 1999. Earnings per share increased to \$0.48 from \$0.40 in the first quarter of 1999. Gross sales in the quarter increased 9.8% to a record \$129.0 million from \$117.5 million in the first quarter of 1999. Net income improved 20.9% on the increased sales and improved gross profit.

In the release, defendant James Mack remarked on the Company's performance as follows:

The high growth areas of our business performed exceptionally well. Our strategy of repositioning the company as a supplier to life science markets continues to improve results, and our active ingredient orders from our generic pharmaceutical customers are at record levels. I look for further improvement in our revenues and net income.

42. On May 12, 2000, Cambrex filed with the SEC a Form 10-Q for the first quarter 2000 in which defendants stated, in relevant part:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1999.

Defendants reported Cambrex's financial results for the first quarter 2000 as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	March 31,	
	2000	1999
Operating expenses:		
Selling, general and administrative expenses....	20,977	19,480
Research and development	3,731	3,609
Total operating expenses	24,708	23,089
Operating profit	21,441	17,414
Other (income) expenses:		
Interest — net	3,089	2,177
Other (income)/expense — net	(161)	43
Net income	12,312	10,180
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.50	\$ 0.41

43. On July 25, 2000, defendants announced in a press release over PR NEWswire

Cambrex's "record results" for the second quarter 2000. In the release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported record second quarter earnings of \$14.2 million compared to \$11.9 million in the second quarter of 1999. Earnings per share increased to \$0.55 for the quarter versus \$0.47 for the comparable period in 1999. Gross sales in the quarter increased 3.1% to \$127.5 million from \$123.6 million in the second quarter of 1999. Net income improved 19.1% on the increased sales and improved gross profit.

In the release, defendant James Mack commented on Cambrex's results as follows:

I am pleased that we have been able to successfully integrate our recent acquisitions as they all contributed to improved profitability in the quarter. Our acquisition of new and complementary technologies, as seen most recently with Lumitech, is an important part of Cambrex's plans to supply proprietary products and services to the life sciences market. This quarter also shows the benefit of improving our operating efficiencies and product mix.

44. On August 15, 2000, Cambrex filed with the SEC a Form 10-Q for the second quarter 2000 in which defendants stated, in relevant part:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1999.

Defendants reported the Company's financial results as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	June 30,	
	2000	1999
Operating expenses:		
Selling, general and administrative expenses....	20,875	19,817
Research and development	3,504	3,291
Total operating expenses	24,379	23,108
Operating profit	24,367	19,751
Other (income) expenses:		
Interest — net	3,146	2,050
Other (income)/expense — net	(142)	125
Net income	21,363	17,576
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.57	\$ 0.49

45. On September 18, 2000, defendants revised its outlook for Cambrex's third and fourth quarter of 2000 in a press release published over PR NEWswire entitled "Cambrex Reviews Third and Fourth Quarter." In the release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM) announced today that based on a review of operating results, third quarter earnings are expected to be at the lower end of analyst estimates. The present range of analyst estimates is \$.43 to \$.45 per share for the third quarter versus \$.38 reported in the prior year. Third quarter results have been impacted by operating issues, including longer maintenance shutdowns, plant startup problems, and lack of some raw materials resulting in backorders for some key products. In addition, certain businesses have been impacted by higher raw material and energy costs as well as pricing pressure from a weak Euro.

Some of these operating issues, while being vigorously addressed, are likely to continue into the fourth quarter. Combined with the impact of certain customers reducing inventories and delaying orders, earnings for the full year 2000 are expected to be 8-10% above prior year instead of the 15% targeted improvement.

Defendant James Mack assured investors that despite the revised outlook, the Company's business was still strong:

This is an inherently lumpy business but the fundamentals of our life sciences businesses remain very strong. We are accelerating our plans to reposition Cambrex as a pure play life science company.

46. On October 24, 2000, defendants reported Cambrex's "record results" for the third quarter 2000 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record Third Quarter Sales and Income." Defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported record third quarter earnings of \$11.3 million, an improvement of 16.5% compared to \$9.7 million reported in the third quarter of 1999. Earnings per share increased 13% to \$0.43 for the quarter versus \$0.38 for the comparable period in 1999. Gross sales in the quarter were \$115.7 million compared to \$118.6 million in the third quarter of 1999 reflecting currency impact, deferred orders, and elimination of low margin products. Net income improved on increased gross profit as the company's product mix shifted to higher margin products.

In the release, defendant Mack touted the Company's purportedly strong results for the third quarter, stating as follows:

I am pleased we have substantially improved profitability in the third quarter given the challenge of currency and escalating energy and raw material costs. We continue to implement business process improvements to increase efficiency and reduce costs. We believe that the growing pharmaceutical and biotechnology markets and our new product programs will result in an excellent 2001.

47. On November 14, 2000, Cambrex filed with the SEC a Form 10-Q for the third quarter 2000 in which defendants stated, in relevant part:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 1999.

Defendants reported Cambrex's financial results as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	September 30,	
	2000	1999
Operating expenses:		
Selling, general and administrative expenses....	18,801	18,301
Research and development	3,405	3,842
Total operating expenses	22,206	22,143
Operating profit	19,162	17,091
Other (income) expenses:		
Interest — net	3,229	2,678
Other (income)/expense — net	(55)	189
Net income	11,251	9,673
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.45	\$ 0.39

48. On January 23, 2001, defendants reported Cambrex's "record results" in the fourth quarter and fiscal 2000 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Fourth Quarter and Record Full Year 2000 Results." In the press release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported fourth quarter earnings of \$11.8 million, resulting in record full year earnings of \$49.6 million, up 12.4% from the prior year's earnings of \$44.1 million (excluding a \$6 million fourth quarter 1999 accrual to cover costs associated with Vitamin B3). Earnings per share were \$0.45 for the quarter, slightly below the \$0.48 (excluding the Vitamin B3 accrual) for the comparable period in 1999. Gross sales in the quarter were \$120.3 million compared to \$124.8 million in the fourth quarter of 1999 reflecting negative currency impact, order timing and continued elimination of lower margin products.

In the release, defendant James Mack commented on the Company's results as follows:

We were able to achieve 12.4% earnings growth in a very tough climate. We also met our aggressive new product targets in the higher margin Life Sciences businesses. This success will provide a strong pipeline for growth. The issues that negatively impacted profitability in the fourth quarter of 2000 are being addressed and should have lessening impact as we move through the year leading to strong earnings improvement in 2001.

49. On March 19, 2001, Cambrex filed with the SEC its annual report on a Form 10-K for fiscal 2000. The Form 10-K, signed by defendant James Mack, included a letter from Cambrex's outside auditor, PriceWaterhouseCoopers, LLP which stated, in relevant part:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Cambrex Corporation and its subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these

financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Defendants reported Cambrex's financial results as follows:

(in thousands, except per share data)	YEAR ENDED December 31,		
	2000	1999	1998
Operating profit	81,024	69,179	72,867
Other (income) expenses:			
Interest income	(2,217)	(2,286)	(2,073)
Interest expense	13,704	12,009	12,300
Other — net	(329)	(555)	945
Income before income taxes	69,866	58,901	61,695
Provision for income taxes	20,261	20,769	22,593
Net income	<u>49,605</u>	<u>38,132</u>	<u>39,102</u>
Earnings per share of common stock and common stock equivalents:			
Basic	\$ 1.98	\$ 1.55	\$ 1.62
Diluted	<u>\$ 1.90</u>	<u>\$ 1.49</u>	<u>\$ 1.54</u>

50. On April 5, 2001, defendants reported Cambrex's "record results" for the first quarter 2001 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record First Quarter 2001 Sales and Income." In the release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported record first quarter earnings of \$14.4 million compared to \$12.3 million in the first quarter of 2000. Earnings per share increased to \$0.55 from \$0.48 in the first quarter of 2000. Gross sales in the quarter increased to a record \$131.2 million from \$129.0 million in the first quarter of 2000. Net income improved 16.9% primarily on

higher sales and gross profit in the life sciences businesses coupled with lower interest and tax expense.

Defendant James Mack touted the Company's growth in the first quarter as follows:

Our core life science products had continued growth during the first quarter which resulted in improved gross margins and total profitability. The economy is showing signs of lower demand in some market segments which, when combined with continued high energy and raw material costs, clearly impacted some of our businesses. However, we see more opportunities than ever to grow our life sciences businesses through acquisitions and internal development.

51. On May 10, 2001, Cambrex filed with the SEC a Form 10-Q for the first quarter

2001 in which defendants reported the Company's results as follows:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2000.

Defendants represented Cambrex's financial results for the first quarter 2001 as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	March 31	
	2001	2000
Operating expenses:		
Selling, general and administrative expenses....	23,456	20,977
Research and development	4,596	3,731
Total operating expenses	28,052	24,708
Operating profit	22,264	21,441
Other (income) expenses:		
Interest — net	2,138	3,089
Other (income)/expense — net	(144)	(161)
Net income	14,392	12,312
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.57	\$ 0.50

52. On July 24, 2001, defendants reported Cambrex's "record results" for the second quarter 2001 in a press release published over PR NEWswire entitled "Cambrex Corporation Reports Record Second Quarter 2001 Sales and Income." In the press release, defendants stated, in relevant part:

Cambrex Corporation (NYSE: CBM) today reported record second quarter 2001 earnings of \$14.9 million compared to \$14.2 million in the second quarter of 2000. Earnings per share increased to \$0.56 for the quarter versus \$0.55 for the comparable period in 2000. Gross sales in the quarter decreased 3.9% to \$122.6 million from \$127.5 million in the second quarter of 2000, reflecting weak demand in the non-life science businesses and a \$3.0 million impact, or 2.5%, due to weaker foreign currencies. Net income improved 4.6% due to higher sales into the Human Health and Biosciences markets, lower interest expense and a lower effective tax rate.

* * *

Defendant James Mack commented on the Company's results as follows:

We are operating in a difficult economic climate that is seriously impacting some of our business segments and older product lines. Nevertheless, we are pleased to see growth in our Human Health and Bioscience sectors. While I expect the balance of 2001 to remain challenging, I am optimistic about Cambrex's future prospects, with continued new product innovation and benefits from our recent Bioscience acquisition.

53. On August 10, 2001, Cambrex filed with the SEC a Form 10-Q for the second quarter 2001 in which defendants stated, in relevant part:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2000.

Defendants represented Cambrex's financial results for the second quarter 2001 as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	June 30,	
	2001	2000
Operating expenses:		
Selling, general and administrative expenses....	20,596	20,875
Research and development	4,721	3,504
Total operating expenses	25,317	24,379
Operating profit	22,402	24,367
Other (income) expenses:		
Interest — net	2,147	3,146
Other (income)/expense — net	(95)	(142)
Net income	14,854	14,206
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.58	\$ 0.57

54. On September 26, 2001, defendants announced its third and fourth quarter earnings in a press release published over PR NEWswire entitled "Cambrex Reviews Third and Fourth Quarters 2001" in which defendants stated as follows, in relevant part:

Cambrex Corporation (NYSE: CBM) announced today that third and fourth quarter earnings are expected to be lower than analyst estimates. Based on preliminary information, Cambrex estimates that third quarter earnings will be in the range of \$0.27 to \$0.32 per share. Weakening economic conditions have resulted in decreased demand for specialty and fine chemicals, animal health and agricultural products. The Human Health segment, which is characteristically slower in the third quarter due to summer vacation shutdowns, is expected to be weaker than anticipated. All business segments have been adversely impacted by the September 11th terrorist attacks on New York City and Washington.

In the release, defendant James Mack explained that the Company's business plans were unaffected by the weakened economy:

While economic conditions and uncertainty will affect demand in some segments over the next several months, our long-term strategy in Life Sciences remains sound. We continue to see growth opportunities in drug discovery, development and

manufacturing of active pharmaceutical ingredients for generic pharmaceutical companies and innovator clinical trials. We are investing in R&D and sales and marketing personnel to fuel expansion in Life Science markets. We remain confident that Cambrex will return to double-digit earnings growth targets in 2002.

55. On November 9, 2001, Cambrex filed with the SEC a Form 10-Q for the third quarter 2001. In the 10-Q, Cambrex made the following representations regarding its third quarter results:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2000.

In the Form 10-Q, defendants reported Cambrex's results as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	September 30,	
	2001	2000
Operating expenses:		
Selling, general and administrative expenses....	21,232	18,801
Research and development	5,170	3,405
Total operating expenses	26,402	22,206
Operating profit	14,307	19,162
Other (income) expenses:		
Interest — net	3,420	3,229
Other (income)/expense — net	(76)	(55)
Net income	8,101	11,251
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.31	\$0.45

56. On January 22, 2002, defendants issued a press release over PR NEWswire reviewing the fourth quarter and the full year 2001 results. In the release, defendants stated as follows, in relevant part:

Cambrex Corporation (NYSE: CBM), today reported fourth quarter diluted earnings of \$0.35 per share, excluding special charges totaling \$27.5 million. Including the effects of these charges, which principally relate to the restructuring of the business and other charges discussed below, fourth quarter results were a loss of \$0.42 per share, diluted. Worldwide sales for the quarter were \$127.9 million. For the fourth quarter of 2000, sales were \$120.3 million and diluted earnings per share were \$0.45. The current quarter's sales reflect strong growth in the Biosciences segment, offset by continued weakness in the Specialty Chemical and Animal Health/Agriculture business segments. Gross profit for the quarter was \$45.0 million or 35.2% of sales, excluding special charges, up from \$41.2 million or 34.2% in the fourth quarter of 2000. Net earnings for the quarter excluding the special charges were \$9.3 million (a net loss of \$10.8 million including the charges) versus an \$11.8 million profit in 2000.

Defendant James Mack remarked on the Company's performance as follows:

The past year posed many challenges, but it also presented many opportunities. We believe our most difficult quarters are now behind us. With the acquisition of two biopharmaceutical manufacturing businesses this past year and our increased investments in R&D, marketing and sales, we are optimistic about our prospects driven by growth in Life Sciences.

57. On March 22, 2002, defendants filed with the SEC Cambrex's annual report on a Form 10-K for fiscal 2001. The Form 10-K, signed by defendants Mack and Glassell, included a letter from Cambrex's outside auditor, PriceWaterhouseCoopers, LLP, which stated, in relevant part, as follows:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Cambrex Corporation and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards

generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Defendants represented Cambrex's financial results in fiscal 2001 as follows:

(in thousands, except per share data)	YEAR ENDED December 31,		
	2001	2000	1999
Operating profit	46,680	81,024	69,179
Other (income) expenses:			
Interest income	(967)	(2,217)	(2,286)
Interest expense	11,534	13,704	12,009
Other — net	(277)	(329)	(555)
Income before income taxes	36,390	69,866	58,901
Provision for income taxes	9,825	20,261	20,769
Net income	26,565	49,605	38,132
Earnings per share of common stock and common stock equivalents:			
Basic	\$ 1.04	\$ 1.98	\$ 1.55
Diluted	\$ 1.00	\$ 1.90	\$ 1.49

58. On April 23, 2002, defendants issued a press release over PR NEWswire announcing Cambrex's results for the first quarter 2002. In the release, defendants stated as follows:

Cambrex Corporation (NYSE: CBM) today reported first quarter earnings of \$15.0 million compared to \$14.4 million in the first quarter of 2001. Earnings per share were \$0.56 versus \$0.55 in the first quarter of 2001. Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard No. 142 (SFAS 142), "Goodwill and Other Intangible Assets." The effect of this adoption was to cease amortization of goodwill and certain indefinite-lived intangible assets, which amounted to approximately \$2.6 million after tax in the first quarter of 2002. Excluding such amortization in the first quarter of 2001, net

income would have been \$16.1 million, or \$0.61 per diluted share in that quarter.

In the release, defendant James Mack stated, "I am pleased with the growth of our Human Health and Bioscience segments, and the strong sequential earnings growth versus the prior quarter."

59. On May 15, 2002, Cambrex filed with the SEC a Form 10-Q for its first quarter 2002. In the 10-Q, defendants stated in relevant part, as follows:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2001.

Defendants reported Cambrex's results for the quarter as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	March 31,	
	2002	2001
Operating expenses:		
Selling, general and administrative expenses....	22,608	23,456
Research and development	3,935	4,596
Total operating expenses	26,543	28,052
Operating profit	23,150	22,264
Other (income) expenses:		
Interest — net	2,927	2,138
Other (income)/expense — net	(34)	(144)
Net income	\$14,990	\$14,392
Earnings per share of common stock and common stock equivalents:		
Basic	\$ 0.58	\$ 0.57

60. On July 23, 2002, defendants issued a press release over PR NEWswire announcing the Company's second quarter results. In the release, defendants stated as follows:

Cambrex Corporation (NYSE: CBM) today reported second quarter 2002 earnings of \$16.2 million compared to \$14.9 million in the second quarter 2001. Earnings per share increased to \$0.61

for the quarter versus \$0.56 for the comparable period in 2001. Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard No. 142 (SFAS 142), which ended the amortization of goodwill and certain indefinite-lived intangible assets. Excluding such amortization in the second quarter of 2001, net income would have been \$16.8 million, or \$0.63 per diluted share in that quarter.

Defendant Mack commented on Cambrex's results as follows:

We are pleased with the growth in our life sciences business segments, with continued strong demand for active pharmaceutical ingredients, biologics, and cell culture and endotoxin detection products and services. We plan to continue to invest in these strategic growth segments with expansions to support bioprocessing, cell therapy and new controlled substance introductions.

61. On August 14, 2002, Cambrex filed with the SEC a Form 10-Q for its second quarter. In the Form 10-Q, defendants made the following representation:

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared from the records of the Company. In the opinion of management, the financial statements include all adjustments necessary for a fair presentation of financial position and results of operations in conformity with generally accepted accounting principles. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2001.

Defendants reported the Company's results as follows:

(in thousands, except per share data)	THREE MONTHS ENDED	
	June 30,	
	2002	2001
Operating expenses:		
Selling, general and administrative expenses....	24,684	20,596
Research and development	4,601	4,721
Total operating expenses	29,285	25,317
Operating profit	27,515	22,402
Other (income) expenses:		
Interest — net	2,852	2,147
Other (income)/expense — net	2,807	(95)
Net income	16,173	14,854